STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
UNEMPLOYMENT INSURANCE AGENCY
STEVE ARWOOD
DIRECTOR

RICK SNYDER
GOVERNOR

STEVEN H. HILFINGER
DIRECTOR

Computation of the Unemployment Obligation Assessment Rate

Public Act 268 of 2011 authorizes the Department of Licensing & Regulatory Affairs to collect an obligation assessment from each contributing employer based in part on their experience rate. This assessment is applied to pay bond obligations including the amounts necessary to pay in full those obligations including bond administration expenses.

For the 2012 tax year the State Treasurer has set the Obligation Assessment Rate (OAR). For 2013 and beyond, the OAR will be set on or before November 20th for each tax year.

- For the 2012 tax year the Obligation Assessment Rate is derived from the following formula:

[Current Tax Rate x OA ratio]+ [base assessment ÷ taxable wage base]

- Each component of the Obligation Assessment Rate is described in detail below:

Current Tax Rate – The tax rate issued on the 2012 tax rate determination.

Obligation Assessment Ratio (OA Ratio) – The OA Ratio is used to calculate the experience based cost of the Obligation Assessment Rate. The formula for the OA Ratio is as follows:

$$\frac{\text{Principal, interest, and administrative expenses due on 2012 bonds}}{\text{Anticipated regular UI revenue from contributing employers due in 2012}} = \textbf{OA Ratio}$$

Base Assessment – The base assessment is a flat rate that is assessed to all covered employees.

Taxable Wage Base – The taxable wage base is the maximum amount of wages paid to an employee by an employer that are subject to Unemployment Insurance taxes.

- The OA ratio, base assessment, and taxable wage base will be the same for all employers. The 2012 rates are as follows:

OA ratio - .080671

Base assessment - $42.00

Taxable wage base - $9,500

The obligation Assessment Rate will be set and calculated yearly until all the bonds have been retired.